

**CENTRAL KANSAS LIBRARY SYSTEM
GREAT BEND, KANSAS**

Financial Statements With Independent Auditors' Report

For the Year Ended December 31, 2009

CENTRAL KANSAS LIBRARY SYSTEM
GREAT BEND, KANSAS
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For the Year Ended December 31, 2009

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Certified
Public
Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Central Kansas Library System
Great Bend, Kansas

We have audited the accompanying financial statements of the **Central Kansas Library System, Great Bend, Kansas** as of and for the year ended December 31, 2009, as listed in the table of contents. These financial statements are the responsibility of the **Central Kansas Library System, Great Bend, Kansas'** management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit Guide*. Those standards and the audit guide require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described more fully in Note 1, the **Central Kansas Library System, Great Bend, Kansas** has prepared these financial statements using accounting practices prescribed or permitted by the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the **Central Kansas Library System, Great Bend, Kansas** as of December 31, 2009, or the changes in financial position for the year then ended. Further, the **Central Kansas Library System, Great Bend, Kansas**, has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of the basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of the **Central Kansas Library System, Great Bend, Kansas** as of December 31, 2009, and their respective cash receipts and disbursements, and budgetary results for the year then ended, on the basis of accounting described in Note 1.

Adams, Brown, Beran & Ball, Chtd.

ADAMS, BROWN, BERAN & BALL, CHTD.
Certified Public Accountants

August 04, 2010

CENTRAL KANSAS LIBRARY SYSTEM
GREAT BEND, KANSAS

Summary of Cash Receipts, Expenditures, and Unencumbered Cash
For the Year Ended December 31, 2009

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Fund Categories							
General Fund	\$ 153,040	-	1,301,949	1,269,719	185,270	52,381	237,651
Special Revenue Funds							
State Resource Grant Fund	-	-	100,153	100,011	142	497	639
Kansas Talking Books Service Grant Fund	33,491	-	62,914	62,140	34,265	-	34,265
Pathfinder Central ILS Grant Fund	42,817	-	-	42,817	-	667	667
Kan Ed Broadband Grant Fund	2,085	-	-	2,085	-	-	-
Fiduciary Fund Category							
Private Purpose Trust Fund							
Processing Center Fund	2,721	-	26,922	26,560	3,083	1,446	4,529
Total Reporting Entity	<u>\$ 234,154</u>	<u>-</u>	<u>1,491,938</u>	<u>1,503,332</u>	<u>222,760</u>	<u>54,991</u>	<u>277,751</u>
			Composition of Cash	Savings Accounts			\$ 172,896
				Checking Accounts			104,855
				Total Reporting Entity			<u>\$ 277,751</u>

The notes to the financial statements are an integral part of this statement.

CENTRAL KANSAS LIBRARY SYSTEM
GREAT BEND, KANSAS
Summary of Expenditures - Actual and Budget
For the Year Ended December 31, 2009

<u>Funds</u>	<u>Certified Budget</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance Over (Under)</u>
Governmental Fund Categories					
General Fund	\$ 1,464,599	-	1,464,599	1,269,719	(194,880)
Special Revenue Funds					
State Resource Grant Fund	109,522	-	109,522	100,011	(9,511)
Kansas Talking Books Service Grant	97,679	-	97,679	62,140	(35,539)
Kan Ed Broadband Grant Fund	2,085	-	2,085	2,085	-
Fiduciary Fund Category					
Private Purpose Trust Fund					
Processing Center Fund	90,000	-	90,000	26,560	(63,440)

The notes to the financial statements are an integral part of this statement.

**CENTRAL KANSAS LIBRARY SYSTEM
GREAT BEND, KANSAS
General Fund**

Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2009
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues				
Current Property Tax	\$ 1,104,540	1,158,570	1,167,725	(9,155)
Delinquent Tax	12,948	12,829	-	12,829
Motor Vehicle Tax	95,177	96,598	96,251	347
Jordan Library Contract	7,900	9,275	8,100	1,175
Other Contract Income	460	1,125	-	1,125
Miscellaneous Income	6,806	3,179	4,000	(821)
Interest	7,026	3,939	600	3,339
Donations	700	1,335	-	1,335
KOHA Reimbursement and Other Reimbursements	164	6,731	-	6,731
Telephone Maintenance Reimbursements and Internet	3,750	2,456	2,923	(467)
E-Rate Reimbursements	2,262	5,912	-	5,912
Total Cash Receipts	<u>1,241,733</u>	<u>1,301,949</u>	<u>1,279,599</u>	<u>22,350</u>
Expenditures				
Salaries	410,600	393,272	422,121	(28,849)
Books, Materials and Audiovisual	91,402	101,649	84,400	17,249
Communications	16,639	13,051	13,740	(689)
Equipment, Maintenance and Remodeling	52,129	25,637	87,500	(61,863)
Contractual Services	283,069	289,184	275,930	13,254
Travel and Vehicle	46,966	68,747	43,150	25,597
Supplies	24,911	27,560	76,770	(49,210)
Operations	102,844	117,591	185,265	(67,674)
Miscellaneous	1,500	3,554	8,500	(4,946)
Health Insurance	154,167	146,343	180,000	(33,657)
Social Security Tax	44,214	45,976	50,000	(4,024)
Payments to State Retirement Fund	29,732	32,689	32,000	689
Unemployment Contributions	414	574	500	74
Workers' Compensation	4,306	3,892	4,300	(408)
Neighborhood Revitalization Rebate	-	-	423	(423)
Total Expenditures	<u>1,262,893</u>	<u>1,269,719</u>	<u>1,464,599</u>	<u>(194,880)</u>
Receipts Over (Under) Expenditures	(21,160)	32,230		
Unencumbered Cash - January 1	<u>174,200</u>	<u>153,040</u>		
Unencumbered Cash - December 31	\$ <u>153,040</u>	<u>185,270</u>		

The notes to the financial statements are an integral part of this statement.

**CENTRAL KANSAS LIBRARY SYSTEM
GREAT BEND, KANSAS
State Resource Grant Fund**

Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2009
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
State Aid	\$ 109,522	100,153	109,522	(9,369)
Expenditures				
Salaries	70,802	65,008	70,802	(5,794)
Books, Materials and Audiovisual	15,000	13,821	15,000	(1,179)
Contractual Services	23,720	21,182	23,720	(2,538)
Total Expenditures	109,522	100,011	109,522	(9,511)
Receipts Over (Under) Expenditures	-	142		
Unencumbered Cash - January 1	-	-		
Unencumbered Cash - December 31	\$ -	142		

The notes to the financial statements are an integral part of this statement.

CENTRAL KANSAS LIBRARY SYSTEM
GREAT BEND, KANSAS
Kansas Talking Books Service Grant Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended December 31, 2009
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	Prior Year Actual	Current Year		Variance Over Under
		Actual	Budget	
Cash Receipts				
State and Federal Aid				
10-LSTA-3-B	\$ -	47,410	-	-
09-LSTA-3-B	49,768	15,504	-	-
08-LSTA-3-B	15,232	-	-	-
Total Cash Receipts	65,000	62,914	64,877	(1,963)
Expenditures				
Salaries	64,434	62,140	97,679	(35,539)
Receipts Over (Under) Expenditures	566	774		
Unencumbered Cash - January 1	32,925	33,491		
Unencumbered Cash - December 31	\$ 33,491	34,265		

The notes to the financial statements are an integral part of this statement.

CENTRAL KANSAS LIBRARY SYSTEM
GREAT BEND, KANSAS
Kansas Health Online Grant Fund
Statement of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2009
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Grant Revenue	\$ 1,200	-
Expenditures		
Books, Materials and Audiovisual	200	-
Travel and Vehicle	1,000	-
Total Expenditures	1,200	-
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - January 1	-	-
Unencumbered Cash - December 31	\$ -	-

The notes to the financial statements are an integral part of this statement.

CENTRAL KANSAS LIBRARY SYSTEM
GREAT BEND, KANSAS
Pathfinder Central ILS Grant Fund
 Statement of Cash Receipts and Expenditures - Actual
 For the Year Ended December 31, 2009
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Aid	\$ 57,000	-
Expenditures		
Salaries	-	25,958
Professional Services	14,183	4,188
Equipment, Maintenance and Remodeling	-	12,671
Total Expenditures	14,183	42,817
Receipts Over (Under) Expenditures	42,817	(42,817)
Unencumbered Cash - January 1	-	42,817
Unencumbered Cash - December 31	\$ 42,817	-

The notes to the financial statements are an integral part of this statement.

CENTRAL KANSAS LIBRARY SYSTEM
GREAT BEND, KANSAS
Kan Ed Broadband Grant Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended December 31, 2009
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
State Aid	\$ 3,000	-	-	-
Expenditures				
Internet	915	2,085	2,085	-
Receipts Over (Under) Expenditures	2,085	(2,085)		
Unencumbered Cash - January 1	-	2,085		
Unencumbered Cash - December 31	\$ 2,085	-		

The notes to the financial statements are an integral part of this statement.

CENTRAL KANSAS LIBRARY SYSTEM
GREAT BEND, KANSAS
Gates Staying Connected Grant Fund
 Statement of Cash Receipts and Expenditures - Actual
 For the Year Ended December 31, 2009
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Grant Revenue	\$ 34,560	-
Expenditures		
Books, Materials and Audiovisual	194	-
Equipment, Maintenance and Remodeling	34,366	-
Total Expenditures	34,560	-
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - January 1	-	-
Unencumbered Cash - December 31	\$ -	-

The notes to the financial statements are an integral part of this statement.

CENTRAL KANSAS LIBRARY SYSTEM
GREAT BEND, KANSAS
Go Local Grant Fund
 Statement of Cash Receipts and Expenditures - Actual
 For the Year Ended December 31, 2009
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Grant Revenue	\$ 3,000	-
Expenditures		
Books, Materials and Audiovisual	3,000	-
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - January 1	-	-
Unencumbered Cash - December 31	\$ -	-

The notes to the financial statements are an integral part of this statement.

**CENTRAL KANSAS LIBRARY SYSTEM
GREAT BEND, KANSAS
Processing Center Fund**

Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2009
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	Prior Year Actual	Current Year		Variance Over Under
		Actual	Budget	
Cash Receipts				
Reimbursements	\$ 27,865	26,919	90,000	(63,081)
Interest	5	3	-	3
Total Cash Receipts	<u>27,870</u>	<u>26,922</u>	<u>90,000</u>	<u>(63,078)</u>
Expenditures				
Books, Materials and Audiovisual	27,039	25,985	90,000	(64,015)
Miscellaneous	-	575	-	575
Total Expenditures	<u>27,039</u>	<u>26,560</u>	<u>90,000</u>	<u>(63,440)</u>
Receipts Over (Under) Expenditures	831	362		
Unencumbered Cash - January 1	<u>1,890</u>	<u>2,721</u>		
Unencumbered Cash - December 31	\$ <u>2,721</u>	<u>3,083</u>		

The notes to the financial statements are an integral part of this statement.

**CENTRAL KANSAS LIBRARY SYSTEM
GREAT BEND, KANSAS**

Notes to Financial Statements
December 31, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Central Kansas Library System, Great Bend, Kansas has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statements are presented to conform to the statutory basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The following is a summary of such significant policies:

A. Financial Reporting Entity

Central Kansas Library System, Great Bend, Kansas is a municipal corporation governed by a board whose members are appointed by the Governor of the State of Kansas.

These financial statements consist of all funds of the **Central Kansas Library System, Great Bend, Kansas** that are considered to be controlled by or dependent on the Library System. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board. **Central Kansas Library System, Great Bend, Kansas** has no component units.

B. Basis Presentation - Fund Accounting

The accounts of the government are organized and operated on the basis of funds. In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The following categories of funds comprise the financial activities of the **Central Kansas Library System, Great Bend, Kansas** for the year 2009:

Governmental Fund Categories

General Fund -- reports as the primary fund of the Library System. The fund is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds -- to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are restricted by law or administrative action to expenditure for specified purposes.

Fiduciary Fund Category

Private Purpose Trust Fund -- to account for assets held by a governmental unit as trustee or agent for others. The principal and income of this fund may be expended in the course of the fund's designated operations.

C. Use of Estimates

The preparation of financial statements on a prescribed basis of accounting that demonstrates compliance with the statutory basis and budget laws of the State of Kansas requires management to make estimates and assumptions that affect the reported amount of unencumbered cash balances, accounts payable and encumbrances during the reporting period. Accordingly, actual results could differ from those estimates.

**CENTRAL KANSAS LIBRARY SYSTEM
GREAT BEND, KANSAS**

Notes to Financial Statements
December 31, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Statutory Basis of Accounting

The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

The Library System has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirements for application of generally accepted accounting principles and allowing the Library System to use the statutory basis of accounting.

Departure from Accounting Principles Generally Accepted in the United States of America

The basis of accounting described above results in a financial statement presentation, which shows cash receipts, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown non-cash assets such as receivables, inventories, and prepaid expenses, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year-end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the Library System are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statements.

E. Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

- a. Preparation of the budget for the succeeding calendar year on or before August 1st.
- b. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
- c. Public hearing in the first week of August, but at least ten days after publication of notice of hearing.
- d. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days

CENTRAL KANSAS LIBRARY SYSTEM
GREAT BEND, KANSAS
Notes to Financial Statements
December 31, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

after publication the hearing may be held and the governing body may amend the budget at that time. There were two budget amendments for this year for the General Fund and the Kan Ed Broadband Grant Fund.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the statutory basis of accounting in which, revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital project funds, fiduciary funds, permanent funds, and the following special revenue funds:

Kansas Health Online Grant Fund
Pathfinder Central ILS Grant Fund
Gates Staying Connected Grant Fund
Go Local Grant Fund

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

F. Deposits and Investments

The **Central Kansas Library System, Great Bend, Kansas** follows the practice of pooling cash and investments of all funds. Each fund's portion of total cash and investments is summarized by fund category in the summary of cash receipts, expenditures, and unencumbered cash.

K.S.A. 9-1401 establishes the depositories which may be used by the Library System. The statute requires banks eligible to hold the Library System's funds have a main or branch bank in the county in which the Library System is located or in an adjoining county if such institution has been designated as an official depository and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The Library System has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the Library System's investments of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The Library System has no investment policy that would further limit its investment choices.

Concentration of Credit Risk - State statutes place no limit on the amount the Library System may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and K.S.A. 9-1405.

CENTRAL KANSAS LIBRARY SYSTEM
GREAT BEND, KANSAS
Notes to Financial Statements
December 31, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Library System's deposits may not be returned to it. State statutes requires the Library System's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The Library System did not use "peak periods" during 2009. All deposits were legally secured at December 31, 2009.

At December 31, 2009, the Library System's carrying amount of deposits was \$277,751, and the bank balance was \$298,326. The bank balance was held by one bank resulting in a concentration of credit risk. The entire bank balance was covered by federal depository insurance.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the Library System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured. The **Central Kansas Library System, Great Bend, Kansas** had no investments at December 31, 2009.

G. Compensated Absences

Central Kansas Library System, Great Bend, Kansas' policy regarding vacation is as follows:

Director -- will accrue 22 days the first year and 22 days annually thereafter.

Administration and Professional Staff

- 15 days - 1 year of service
- 20 days - 1 to 10 years of service
- 22 days - 10 years or more of service

Supervisory Personnel

- 10 days - 1 year of service
- 15 days - 1 to 10 years of service
- 20 days - 10 years or more of service

Support Staff

- 5 days - 1 year of service
- 10 days - 1 to 10 years of service
- 15 days - 10 years or more of service

Part-time regular employees accrue a proportionate allowance based on the full-time allowance for their position. Part-time hourly student employees accrue no vacation time. Only upon the approval by the Director may vacation time be carried over into the next year, and then it is only allowed to accumulate up to five days.

Central Kansas Library System, Great Bend, Kansas' policy regarding sick leave is as follows:

Full-time employees shall earn and accrue sick leave at the rate of one day per month, up to a maximum of 100 days, which is forfeited upon termination of the employee. Part-time regular employees are allowed to accrue proportionate sick leave based on number of hours worked in relation to a full-time position.

**CENTRAL KANSAS LIBRARY SYSTEM
GREAT BEND, KANSAS**

Notes to Financial Statements
December 31, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Central Kansas Library System, Great Bend, Kansas has not accrued a liability for compensated absences which have been earned but not taken by **Central Kansas Library System, Great Bend, Kansas'** employees. A potential liability of \$1,164 for accumulated vacation time and \$90,324 for accumulated sick leave exists at December 31, 2009.

Included in the accumulated sick leave balance is an amount of the Library System's sick leave pool. The purpose of the sick leave pool is to allow staff members to contribute unused sick leave to a pool and allow participating members, who would otherwise have their pay reduced, draw from the pool and avoid having their pay reduced. The number of sick leave days that can be drawn from the pool by one individual in any one year is limited to 20 percent of the days in the pool or one month, whichever is greater. The number of sick leave days that can be drawn by all individuals is limited to the total days in the pool.

H. Defined Benefit Pension Plan

Plan Description -- The **Central Kansas Library System, Great Bend, Kansas** contributes to the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas, Suite 100, Topeka, Kansas 66603) or by calling 1-888-275-5737.

Funding Policy -- K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% and 6% (if hired on or after July 1, 2009) of covered salary. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The employer rate established for calendar year 2009 was 6.54% and 12.13% for KPERS retirees.

The **Central Kansas Library System, Great Bend, Kansas** employer contributions to KPERS for the years ending December 31, 2009, 2008, and 2007 were \$32,642, \$28,748 and \$28,443, respectively, equal to the required contributions for each year.

I. Other Post Employment Benefits

As provided by K.S.A. 12-5040, the Library System allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the Library System is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the Library System makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the Library System under this program.

J. Property Tax Calendar

Collection of current year property tax by the County Treasurer is not completed, apportioned nor

**CENTRAL KANSAS LIBRARY SYSTEM
GREAT BEND, KANSAS**

Notes to Financial Statements
December 31, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Consequently, current year property taxes receivables are not available as a resource that can be used to finance the current year operations of the **Central Kansas Library System, Great Bend, Kansas**.

Property taxes are collected and remitted to the County Treasurer. Taxes levied annually on November 1st are due one-half by December 20th and one-half by May 10th. Major tax distributions are made in December through July. Lien dates for personal property are March and August and lien dates for real estate property are in September. Taxes are recognized as revenue in the year received. Delinquent tax payments, received throughout the year, are recognized as revenue in the year received.

K. Reimbursements

Central Kansas Library System, Great Bend, Kansas, records reimbursable expenditures (or expenses) in the fund that makes the disbursement and records reimbursements as revenue to the fund.

L. Restricted Assets

Donations received by the Library System that are designated for the low vision program are restricted for low vision expenditures. The amount that was restricted at December 31, 2009 was \$1,832 and was included in the general fund's unencumbered cash. Restricted cash balances are reported in various funds that are legally restricted for specified uses as the payment of expenditures approved in federal and state grant contracts.

NOTE 2 – PROCESSING CENTER FUND

The Processing Center Fund serves as a clearing account through which various member libraries within the system order books.

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

K.S.A. 10-816 requires checks outstanding for two years or more to be cancelled and restored to the fund originally charged. At December 31, 2009, the Library System still had two outstanding checks from 2007.

NOTE 4 – LITIGATION

The **Central Kansas Library System, Great Bend, Kansas** is party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material adverse impact on the affected funds of the Library System.

NOTE 5 – COMPARATIVE DATA

Comparative data for the prior year has been presented in Statement 3 in the accompanying financial statements in order to provide an understanding of changes in the Library System's cash and unencumbered cash balances. However, complete comparative data (i.e., presentation of prior year totals in Statement 1) has not been presented since their inclusion would make the statements unduly complex and difficult to read.

**CENTRAL KANSAS LIBRARY SYSTEM
GREAT BEND, KANSAS**

Notes to Financial Statements
December 31, 2009

NOTE 6 – GRANTS AND SHARED REVENUES

The Library System participates in numerous state and federal grant programs, which are governed by various rules and regulations for the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Library System has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the Library System, any liability for reimbursement, which may arise as the result of the audit, is not believed to be material.

NOTE 7 – RISK MANAGEMENT – CLAIMS AND JUDGEMENTS

The Library System is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Library System has been able to obtain errors and omissions insurance at a cost it considered to be economically justifiable.

The Library System continues to carry commercial insurance for all other risks of loss, including property, general liability, inland marine, workers' compensation, umbrella, automobile, linebacker and surety bond coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The Library System has elected to obtain comprehensive and collision coverage on all Library System owned motor vehicles.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. At December 31, 2009 the financial statements do not include liabilities for anticipated costs.

NOTE 8 – OPERATING LEASES

Central Kansas Library System, Great Bend, Kansas currently has an operating lease for one mailing machine to be used within the Library System. The rental payments are made monthly. As of December 31, 2009, the payments totaled \$2,820.

Future minimum lease payments for the years ended December 31 are as follows:

2010	\$	705
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NOTE 9 – LONG-TERM DEBT

Changes in long-term debt for the Library System for the year ended December 31, 2009, were as follows:

	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
Compensated Absences	N/A	N/A	N/A	N/A	\$ 86,150	-	-	5,338	91,488	N/A